

Internal Revenue Service

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Department of the Treasury

Washington, DC 20224

Third Party Communication: None

Date of Communication: Not Applicable

Person To Contact:

, ID No.

Telephone Number:

Refer Reply To:

CC:CORP:B05

PLR-131871-11

Date:

December 02, 2011

Legend

Parent =

Lifeco =

Sub =

Year 1 =

Year 2 =

Year 3 =

Year 4 =

Year 5 =

Amount 1 =

Amount 2 =

Base Period =

Dear :

This letter replies to the letter of your authorized representative dated July 29, 2011 requesting a ruling concerning certain federal income tax consequences of a proposed transaction. The following information is provided in that letter and in subsequent correspondence.

Summary of Facts

Parent is the common parent of an affiliated group of corporations (the “Parent Group”) that includes both life insurance companies (“life companies”) and corporations other than life insurance companies (“nonlife companies”). Parent was formed in Year 1 and since Year 4 the Parent Group has filed a consolidated “life/nonlife” federal income tax return under § 1504(c) of the Internal Revenue Code and § 1.1502-47 of the Income Tax Regulations.

Lifeco is a life company for federal income tax purposes and is a wholly owned subsidiary of Parent. Lifeco was formed in Year 2 and has joined in the filing of the Parent Group’s consolidated federal income return since Year 4.

Sub is a nonlife company for federal income tax purposes and is a wholly owned subsidiary of Lifeco. Sub was formed in Year 3 and has joined in the filing of the Parent Group’s consolidated federal income tax return since Year 4. Sub is licensed to issue life insurance products in certain jurisdictions, but has never conducted an insurance business. Sub currently holds approximately Amount 1 of investment assets, which represents capital contributed to it by Lifeco upon Sub’s formation, plus retained earnings on such assets.

Each of Parent, Lifeco, and Sub is a calendar-year taxpayer.

Proposed Transaction

In Year 5, Sub will begin to write insurance contracts that will give rise to life insurance reserves under § 816(b). Prior to the commencement of those activities, but in Year 5, Lifeco will contribute to Sub at least Amount 2 of additional capital (the “Capital Contribution”).

Representations

The taxpayer has submitted the following representations in connection with the proposed transaction:

(a) Throughout every day of the Base Period, Lifeco will have been in existence and a member of the Parent Group determined without the exclusion in § 1504(b)(2).

(b) Throughout every day of the Base Period, Lifeco will have been engaged in the active conduct of a life insurance business.

(c) Throughout every day of the Base Period, Lifeco will not have experienced a change in tax character as described in § 1.1502-47(d)(12)(v)(B). Specifically, throughout every day of the Base Period, Lifeco will have qualified as a life insurance company (as defined in § 816(a) and § 1.1502-47(d)(1)).

(d) Throughout every day of the Base Period, Lifeco will not have undergone any disproportionate asset acquisitions under § 1.1502-47(d)(12)(viii).

(e) Immediately after the Capital Contribution, at least 80 percent of Sub's assets (based on fair market values on the date of the Capital Contribution without regard to liabilities) will have been acquired from Lifeco on account of the Capital Contribution.

(f) The Capital Contribution will qualify as a transaction described in § 351(a).

(g) None of the assets contributed to Sub by Lifeco in the Capital Contribution will have been acquired by Lifeco from outside of the Parent Group in transactions not conducted in the ordinary course of Lifeco's trade or business.

(h) At the end of the Year 5 taxable year of the Parent Group, each of Lifeco and Sub will qualify as a life insurance company (as defined in § 816(a) and § 1.1502-47(d)(1)).

(i) Sub will not undergo a disproportionate asset acquisition under § 1.1502-47(d)(12)(viii) during the Year 5 taxable year of the Parent Group.

Ruling

Based solely on the information submitted and the representations set forth above, we rule as follows:

Beginning with the Year 5 taxable year of the Parent Group, Sub will qualify as an eligible corporation (as defined in § 1.1502-47(d)(12)) that is includible under § 1504(c)(2) as a life member (as defined in § 1.1502-47(d)(6)) of the life subgroup (as defined in § 1.1502-47(d)(8)) of the Parent Group.

Caveats

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter.

The rulings contained in this letter are based upon information and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the request for rulings, it is subject to verification on examination.

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representative.

A copy of this letter must be attached to any income tax return to which it is relevant. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their return that provides the date and control number of the letter ruling.

Sincerely,

Lisa A. Fuller

Lisa A. Fuller
Chief, Branch 5
Office of Associate Chief Counsel
(Corporate)

cc: